

## MAY 2021, AT A GLANCE:

- 9.3% p.a. yield<sup>2</sup> since inception<sup>1</sup>
- Plato is aiming to generate an 2021 gross yield<sup>2</sup> of around 8.0%
- 0.7% outperformance vs benchmark since inception<sup>1</sup>



PERFORMANCE AFTER FEES	1 MTH %	3 MTH %	1 YR % P.A.	3 YRS % P.A.	5 YRS % P.A.	INCEPTION <sup>1</sup> % P.A.
FUND TOTAL RETURN <sup>2</sup>	2.4	9.4	28.1	11.5	11.3	12.5
INCOME <sup>2</sup>	1.1	3.0	8.1	10.5	10.0	9.3
CAPITAL GROWTH	1.3	6.4	20.0	1.0	1.3	3.2
BENCH. TOTAL RETURN	2.5	8.9	29.6	11.4	11.6	11.8
EXCESS TOTAL RETURN <sup>2</sup>	-0.1	0.5	-1.5	0.1	-0.3	0.7
EXCESS INCOME <sup>2</sup>	0.5	1.6	4.1	5.6	4.7	3.7
EXCESS FRANKING	0.1	0.5	1.3	1.8	1.5	1.2

<sup>1</sup>Inception date 9 September 2011.

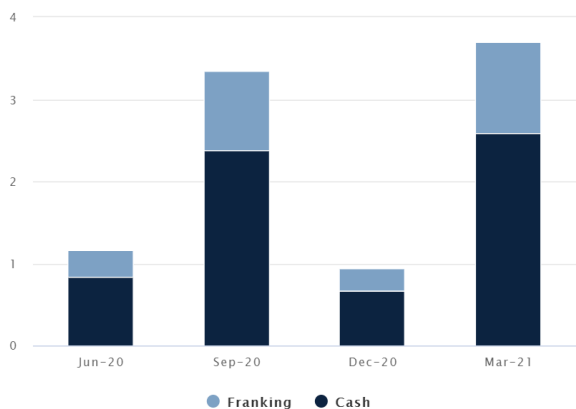
<sup>2</sup>Including franking credits and special dividends.

<sup>3</sup>Benchmark is the S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax-Exempt).

All data is as at 31 May 2021 unless indicated otherwise.

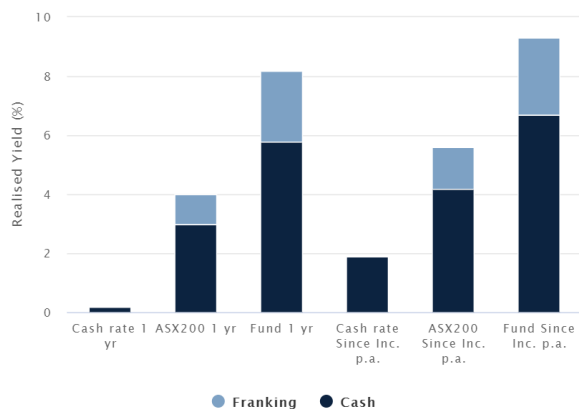
Fund returns are after applicable fees, costs and taxes. Past performance is not a reliable indicator of future performance.

### DISTRIBUTION HISTORY



Source: Plato Investment Management

### REALISED YIELD



Source: Iress, Plato Investment Management

Cash rate = RBA Cash Rate

ASX200 = S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax-Exempt)

Fund = Plato Australian Shares Income Fund.

## SUMMARY

As at 31 May 2021, the Plato Australian Shares Income Fund ('Fund') delivered a total return of 12.5% p.a.<sup>2</sup> and a yield of 9.3% p.a.<sup>2</sup> (incl. franking) since inception<sup>1</sup> compared to the S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax-Exempt) ('Benchmark') return of 11.8% p.a.<sup>2</sup> and a yield of 5.6% p.a.<sup>2</sup>

The Australian market continued its rally in May, rising 2.5% including franking credits. These gains were led by the major banks which all provided positive trading updates during the month, with lower impairments leading to earnings and dividend upgrades. May saw the 9th consecutive month of earnings upgrades across the market which is the longest streak in over two decades. Consumer Discretionary and Healthcare stocks also rose during the month in contrast to Technology and Utility stocks which fell as the market appeared to position for higher inflation during the month. The Australian Federal Budget on May 11th was materially positive for equities, as the announcement of \$96 billion in stimulus over 5 years was significantly more than expected. The iron ore price also continued its rally to above US\$200 a tonne, further supporting the major iron ore miners who are on schedule to deliver substantial dividends in the upcoming reporting season.

The largest positive contributors to the Fund's performance during the month was an overweight position in BHP which is benefiting from high iron ore prices as well as underweight positions in Afterpay Touch and Xero (which reversed last month's strong performance), A2 Milk (which had its fourth earnings downgrade in the last year) and Sydney Airport which fell as the Australian vaccine roll-out continues to lag expectations and budget documents only assumed a return to international travel in mid-2022. However, overweight positions in Macquarie (who reported a strong result but didn't provide earnings guidance for next year, potentially disappointing investors after recent strong performance), Costa (which reported a disappointing result) and Sonic Healthcare

TOP 10 HOLDINGS	TOP 10 YIELDING	YIELD% P.A. <sup>2</sup>
BHP Group	Harvey Norman	10.2
Commonwealth Bank	JB Hi-Fi	7.9
CSL	Rio Tinto	7.1
Macquarie Group	BHP Group	6.2
NAB	APA Group	5.9
Rio Tinto	Metcash	5.9
Telstra Corporation	Super Retail Group	5.8
Transurban Group	Mineral Resources	5.6
Wesfarmers	Coles Group	5.2
Westpac	Westpac	4.8

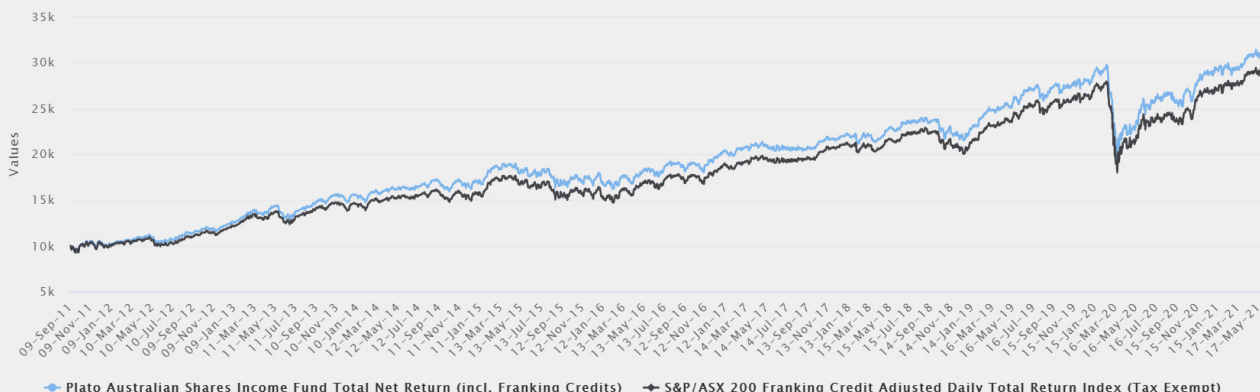
<sup>1</sup>Inception date 9 September 2011.

<sup>2</sup>Net returns, including franking credits and special dividends. Fund returns are after applicable fees, costs and taxes. Past performance is not a reliable indicator of future performance.

underperformed and underweight positions in CSL and Treasury Wines (which has been relatively successful at sourcing alternative markets for its wine after the China tariffs put a brake on its Chinese business) detracted from relative performance.

Our proprietary dividend cut model indicates that the proportion of stocks forecast to cut dividends has returned to a below normal level after being elevated from March-October last year so that we are comfortable with our Australian market gross dividend forecast of 4.8%. The Fund remains actively positioned to seek superior income than the benchmark.

## CUMULATIVE PERFORMANCE - GROWTH OF \$10,000



ASSETS UNDER  
MANAGEMENT:  
\$1,966 MILLION

PLATFORM AVAILABILITY

AMP Flexible	ANZ Portfolio One	HUB24	Mason Stevens	Premium Choice
Lifetime	Asgard	IOOF Portfolio	mFund	Wealth02 uXchange
AMP North	BT Panorama	Service	MLC Navigator	Wealthtrac
AMP Personalised	BT Wrap	IOOF Pursuit	MLC Wrap	
Portfolio Service	CFS FirstWrap	IOOF Wrap	Netwealth	
AMP Portfolio Care	DPM	Macquarie Wrap	Praemium	
AMP WealthView				

INVESTMENT MANAGER	PLATO INVESTMENT MANAGEMENT LIMITED
OBJECTIVE	<ul style="list-style-type: none"> <li>To provide an annual gross yield (including franking) that exceeds the gross yield of the Benchmark after fees.</li> <li>The Fund also aims to outperform the Benchmark after fees.</li> </ul>
BENCHMARK	S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax-Exempt)
INVESTMENT APPROACH	The Fund is intended to be managed for low tax investors who can utilise franking credits. These investors include, but are not limited to, superannuation funds and charities.
MANAGEMENT COSTS	0.90% p.a. (inclusive of the net effect of GST and RITC).
BUY/SELL SPREAD	+0.20% / -0.20%.
MINIMUM INVESTMENT	<ul style="list-style-type: none"> <li>Indirect investors: refer to the operator of your service.</li> <li>Direct investors: minimum initial investment \$50,000.</li> </ul>

This strategy is specifically managed for low tax investors, thus providing an aligned investment strategy for pension and charity investors. The Fund aims to generate higher income (including franking credits) than its Benchmark. A distinguishing feature of the strategy is that it aims to deliver higher yield without taking on large sector biases, such as overweighting banks.



For more information or older versions, please contact Pinnacle Investment Management Limited:

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For further information regarding Lonsec's Ratings methodology, please refer to our website at: <http://www.beyond.lonsec.com.au/intelligence/lonsec-ratings>.

The Zenith Investment Partners ("Zenith") ABN 60 322 047 314 rating for the Plato Australian Shares Income Fund (Class A) assigned June 2019 referred to in this document is limited to "General Advice" (as defined by the Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Zenith usually charges the product issuer, fund manager or a related party to conduct Product Assessments. Full details regarding Zenith's methodology and regulatory compliance are available on our Product Assessment's and the Zenith website.